OLR Bill Analysis

sHB 6339

AN ACT CONCERNING BANKS AND THE ECONOMIC DEVELOPMENT OF LOAN PRODUCTION OFFICES.

SUMMARY:

This bill prohibits directors, officers, employees, or agents of licensed business and industrial development corporations and entities licensed to act as trustees from disclosing non-public information contained in a licensee's Banking Department examination report without the banking commissioner's prior written consent. Under existing law, this restriction applies to Connecticut banks and Connecticut credit unions. By law a "business and industrial development corporation" is a person approved or seeking approval from the federal Small Business Administration as a participating lender under its loan guarantee programs.

The bill clarifies that when a Connecticut bank merges with affiliates that are not banks under Connecticut law, it must be done as if the affiliate were a constituent bank.

The bill allows Connecticut banks, with the banking commissioner's approval, to establish loan production offices out of state, instead of just in state. A "loan production office" is an office whose activities are limited to loan production and solicitation.

The bill also makes a technical change.

EFFECTIVE DATE: Upon passage, except the restriction on disclosing information in examination reports is effective October 1, 2013.

MERGERS WITH AFFILIATES

By law, a Connecticut bank can merge with one of its affiliates that is not a bank if the resulting institution is a Connecticut bank. The merger must be done in accordance with the law on merging Connecticut banks. The bill clarifies that the affiliate restricted as a constituent bank for purposes of these merger proceedings. The bill maintains the exception that for issues related to corporate procedure and mergers, an affiliate should comply with the laws of the state under which it was organized.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute
Yea 17 Nay 0 (03/14/2013)